
Modified Rules and Requirements: Subscription Period Disbursement



The Competency-Based Education—Subscription Period Disbursement (CBE Subscription Period Disbursement) set of waivers provides numerous waivers and modifications to Federal requirements for how institutions provide Federal student aid to students enrolled in self-paced CBE programs. This Section places those changes in context and provides detailed instructions for how institutions must process Title IV aid under the experiment.

OVERVIEW OF WAIVERS AND MODIFIED REQUIREMENTS

The CBE Subscription Period Disbursement set of waivers modifies the definition of a payment period in a term-based program to permit an institution with a CBE program that charges using subscription periods to treat each subscription period as a standard or nonstandard term, and to allow the coursework undertaken in such a term to begin before the term begins.

CBE Subscription Period Disbursement modifies the requirements for evaluation of satisfactory academic progress to permit a measurement of a student's pace as an amount completed over a period of calendar time, to require an evaluation of a student's progress at the close of each subscription period, and to create two different evaluations: an evaluation that measures a student's cumulative progress in his or her program and an evaluation that measures a student's progress in the subscription period just ended.

CBE Subscription Period Disbursement also modifies the requirements for disbursement of Direct Loan funds in programs with nonstandard terms that are not substantially equal to require that an institution calculate and make Direct Loan disbursements in such programs in accordance with the provisions of Pell Grant Formula 3.

This Section of the Guide will provide detailed information on the waivers and modifications to Title IV rules and regulations included in this version of the experiment.

Terminology

For purposes of CBE Subscription Period Disbursement, a “subscription period” is a period of time for which an institution charges a single fee for all of a student's competency-based instruction during that period. An institution may, but is not required to, charge different fees for different enrollment levels during subscription periods; e.g. \$2,000 for a subscription period in which the student is expected to attend full-time, but only \$1,000 for a subscription period in which the student is

expected to attend only half-time. Note that an institution is required to establish a student's enrollment status for a subscription period no later than the 14th day of the subscription period, as described below under "Enrollment Status."

Under CBE Subscription Period Disbursement, a subscription period is the same as a term or a payment period, and these terms will be used interchangeably throughout the remainder of this Section.

Use of Terminology in CBE Subscription Period Disbursement

Subscription period

is the same as a

Standard or nonstandard term

is the same as a

Payment period

APPLICATION AND VERIFICATION

There are no changes to the rules for application and verification under this version of the CBE Experiment. Institutions should follow the requirements as described in the FSA Handbook, Application and Verification Guide.

STUDENT ELIGIBILITY

Satisfactory Academic Progress

Volume 1, Chapter 1 of the FSA Handbook describes certain basic requirements for an institution's Satisfactory Academic Progress (SAP) policy. The Handbook notes that an institution's SAP policy must include both quantitative (time-based) and qualitative (grade-based) standards, and both standards must be reviewed at each evaluation point.

Regarding the qualitative component of a SAP evaluation, [Dear Colleague Letter GEN 14-23](#) clarifies the requirements for a SAP policy in a CBE program by noting that if an institution documents that the degree of mastery necessary to complete a competency in a CBE program equals or exceeds the equivalent of a "C" grade in a traditional program, then the institution may consider a student to have met the SAP qualitative measure as long as that student has an academic standing consistent with the institution's requirements for graduation from the program. The CBE Subscription Period Disbursement set of waivers does not change these basic SAP requirements as set forth in the FSA Handbook and DCL GEN 14-23.

CBE Subscription Period Disbursement makes significant changes to the requirements for when an institution must perform an evaluation of a student's SAP, and to the quantitative (time-based) component of those evaluations. Under CBE Subscription Period Disbursement:

- A school must evaluate a student's SAP after every payment period;
- Each evaluation must include two measures of quantitative progress: in the first, called the "Aggregate SAP Evaluation," a school must evaluate a student's progress over his/her entire program (similar to the traditional SAP calculation) and in the second, called the "Payment Period SAP Evaluation," a school must evaluate whether the student has completed the competencies that he/she was expected to complete during the payment period; and
- When performing the aggregate SAP evaluation, the school must evaluate a student's SAP pace by using credit hours or equivalents completed over calendar time, rather than by dividing a student's completed credit hours by attempted credit hours.

Evaluation each payment period

The Handbook states that, for a program longer than an academic year, an institution "must require annual reviews" of a student's SAP. This is not the case under CBE Subscription Period Disbursement.

Under CBE Subscription Period Disbursement, an institution must evaluate a student's SAP after every payment period. Therefore, an institution participating in this version of the experiment will always have the option of utilizing a warning period if the student fails a single evaluation.

Two types of quantitative evaluations performed after each payment period

Under CBE Subscription Period Disbursement, an institution must perform two separate quantitative evaluations of a student's progress after each payment period:

Aggregate SAP Evaluation. This SAP measure is calculated by dividing the aggregate number of credit hours or equivalents completed as of the end of the payment period immediately prior to the evaluation by the total number of credit hours or equivalents expected to be completed as of the end of that payment period in order for the student to complete the program within the maximum timeframe. If the student is not making adequate progress toward completing the program within the maximum timeframe, the student would have failed SAP.

Payment Period SAP Evaluation. This SAP measure reviews the student's progress within the payment period immediately prior to the evaluation. If the student did not complete all of the credit hours or equivalents that were included in the student's enrollment status for that payment period (see "Enrollment Status" below) the student would have failed SAP.

Aggregate SAP Evaluation uses credits or the equivalent completed over calendar time

The Handbook states that an institution must "calculate the pace at which a student is progressing by dividing the total number of hours the student has successfully completed by the total number he has attempted." This is also not applicable under CBE Subscription Period Disbursement.

Under CBE Subscription Period Disbursement, when performing a student's Aggregate SAP Evaluation, an institution will determine whether the student has completed competencies associated with sufficient credit hours, clock hours, or the equivalent to complete the program within the maximum timeframe. For a student enrolled in an undergraduate program, the institution must ensure that the maximum timeframe is no more than 150 percent of the program's published length, as provided in the definition of "maximum timeframe" in the regulations at [34 CFR 668.34\(b\)](#).

In other words, the institution will compare the credit hours, clock hours, or equivalencies correlated with the competencies completed with the number of credit hours, clock hour, or equivalencies the institution has established to ensure, at that time, that the student is on pace to complete within the maximum timeframe.

For purposes of the Aggregate SAP Evaluation, an institution is also permitted to use a graduated completion percentage for each year of a program. For example, your policy can permit students to complete a lower percentage of coursework in the first academic year but require them to complete an increasing percentage in subsequent years so that they finish their program within 150% of normal time.

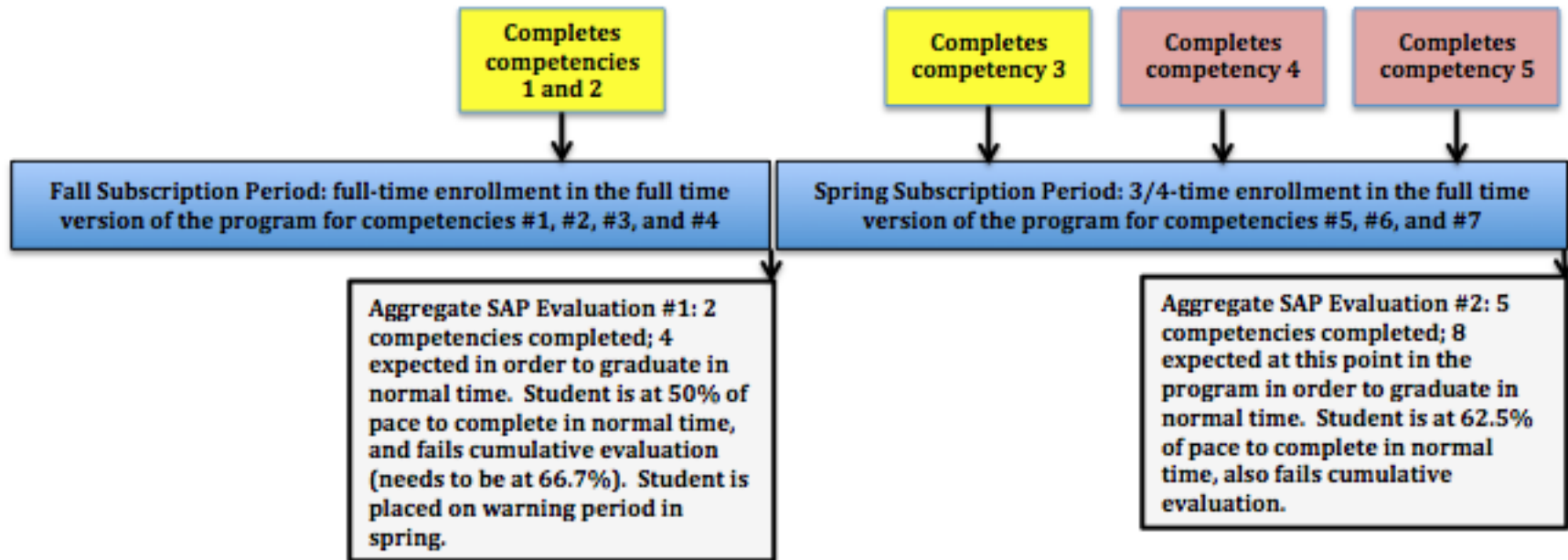
Under CBE Subscription Period Disbursement, a program's maximum timeframe is expressed in calendar time. An institution may offer different versions of the same program (for example, a full-time version and a part-time version) with different maximum timeframes.

Aggregate SAP Evaluation Example

A CBE program uses two six-month subscription periods each year, which are treated as nonstandard terms in each academic year. Each competency is worth three credit hour equivalents.

The program includes a total of 48 competencies. There are two versions of the program: a full-time version and a half-time version. The full-time version of the program has a published length of four years, and therefore has a SAP maximum timeframe of six years (150% of the published length of the program).

In order to complete the full-time version of the program within the maximum timeframe (six years), assuming the institution does not use graduated completion percentages, a student would need to complete four competencies per subscription period.



In the example displayed above, a student in the full-time version of the program enrolls full-time (in four competencies, or the equivalent of 12 credit hours) in the Fall subscription period. However, the student completes only two competencies during that subscription period. Therefore, the student fails the Aggregate SAP Evaluation for the fall and is placed on SAP warning for the spring.

The student enrolls 3/4 time in the Spring subscription period, expecting to complete three new competencies during that period plus the two in the prior subscription period that were still incomplete. The student does complete the two competencies begun in the fall and one competency begun in the spring, but fails to complete the other two competencies begun in spring.

At the end of the Spring subscription period, the student has only completed a total five competencies, and has not completed the necessary four competencies per subscription period in order to complete the program within 150% of the published length of the program. Therefore, the student fails SAP again and must appeal in order to regain Title IV eligibility. Alternatively, the student could transfer into the part-time version of the program, which would permit the student to complete only two competencies per subscription period in order to graduate in normal time.

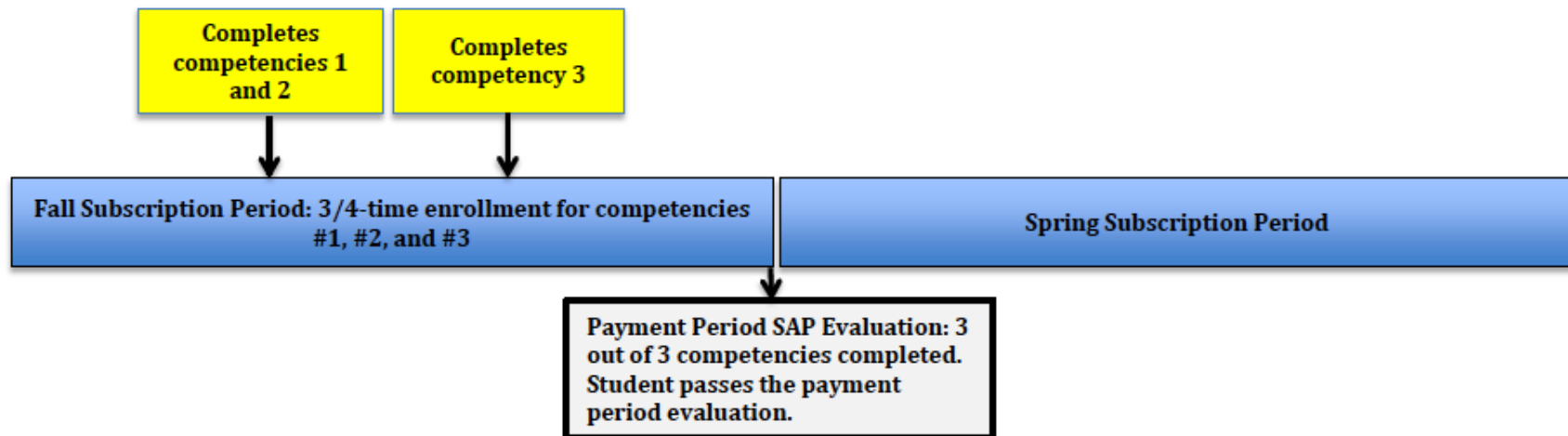
Payment Period SAP Evaluation Examples

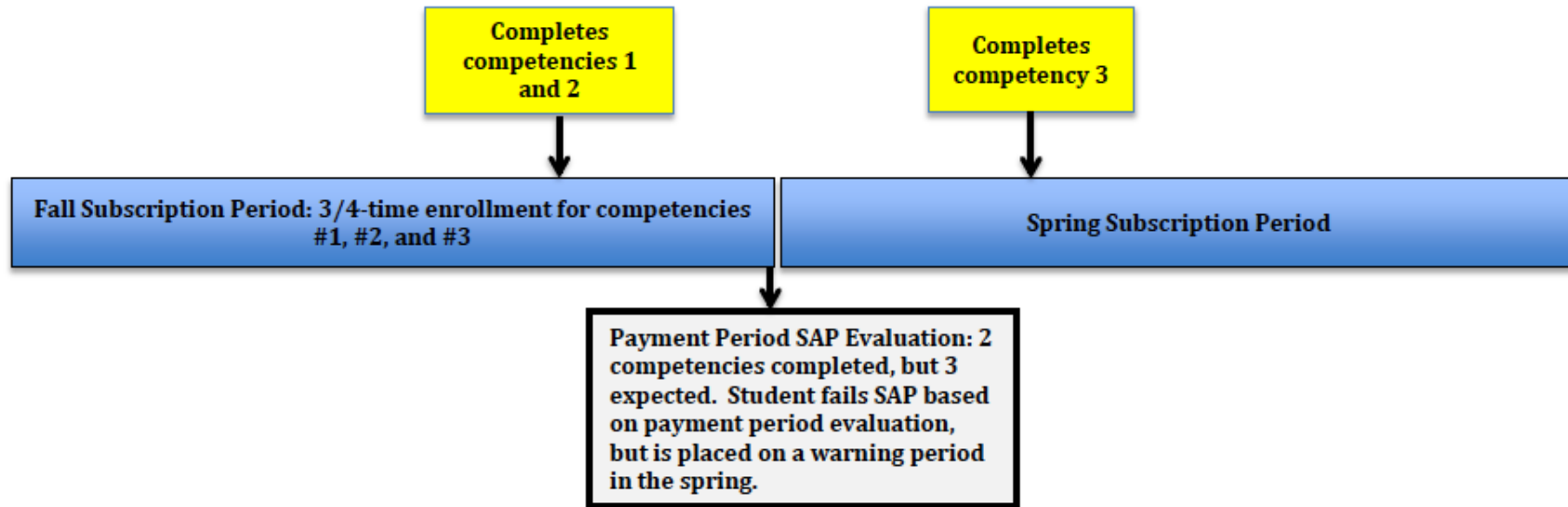
A CBE program uses two six-month subscription periods each year, which are treated as nonstandard terms in each academic year. Each competency is worth three credit hour equivalents.

In Example 1 below, a student enrolls in three competencies in the Fall subscription period and completes all three. The student completed all the competencies that were included in the student's Title IV enrollment status for that subscription period, so the student passes the Payment Period SAP Evaluation for the Fall subscription period.

In Example 2 below, a student enrolls in three competencies in the Fall subscription period, but completes only two of the three competencies. The student failed to complete all the competencies that were included in the student's Title IV enrollment status for that subscription period, so the student fails the Payment Period SAP Evaluation for the Fall subscription period and is placed on SAP warning for the spring.

Example 1: Student completes all expected competencies



Example 2: Student does not complete all expected competencies**Enrollment Status**

Volume 1, Chapter 1 of the FSA Handbook describes the requirements for determining a student's enrollment status. Programs included in an institution's participation in the CBE Subscription Period Disbursement version of the experiment must be considered either standard term or nonstandard term programs.

In CBE Subscription Period Disbursement, a subscription period is considered equivalent to a term. Therefore, an institution's determination of a student's enrollment status is based on the student's enrollment during the subscription period.

Under CBE Subscription Period Disbursement, work on competencies does not need to begin on or after the first date of a term; enrollment in courses may begin before the term begins.

For each payment period, students will be assigned by the institution an enrollment status (full-time, half-time, three-quarter time, less-than half-time) based on the student's expected enrollment in and expected completion of competencies for the payment period. After consulting with the student, the institution will determine the student's enrollment status based on a realistic assessment by the institution of the number of competencies that the student will complete during the payment period. However, unlike under existing regulations for standard and nonstandard term programs, under CBE Subscription Period Disbursement, an institution is not permitted to count a unique competency or course toward a student's enrollment status for more than one payment period (see discussion below under "Retaking Coursework in Term Programs"). If a student enrolls in a competency a second time after the competency was included in the student's enrollment status for a prior subscription period, the cost of that repeated competency cannot be considered for purposes of calculating the student's cost of attendance, and the credit hours or the equivalent associated with that competency cannot be included in the student's enrollment status.

In addition, under CBE Subscription Period Disbursement, a student's enrollment status may not be changed for Title IV purposes once it has been established for the payment period, **except that an institution must increase a student's enrollment status to reflect any competencies completed by the student during the payment period that were not originally assigned to that payment period or to a previous payment period.** If the additional competencies that were completed in the payment period were expected to be completed in a subsequent payment period(s), an adjustment to the student's enrollment status for that subsequent payment period(s) is required if the institution had already established an enrollment status for that subsequent payment period before the additional competencies were completed in the earlier payment period.

Under CBE Subscription Period Disbursement you may establish a policy for recalculating a student's award after the subscription period has begun, but a school must make a final determination of the student's enrollment status no later than the 14th calendar day of the subscription period. Additionally, for Pell Grant purposes, students will still be required to begin working on at least the number of competencies used in the determination of the student's enrollment status for each payment period (see discussion below under "Pell Recalculations"). Therefore, to use this set of waivers, an institution must have a mechanism for determining that a student has been participating in a competency during a payment period.

All other requirements described in Volume 1 of the FSA Handbook remain in effect for institutions participating in CBE Subscription Period Disbursement.

IMPORTANT NOTE ABOUT NSLDS ENROLLMENT REPORTING: In general, institutions should report a student's enrollment status under CBE Subscription Period Disbursement in the same way that it calculates the student's enrollment status for Title IV purposes, i.e. using the number of competencies that the institution expects the student to complete in a given subscription period.

In circumstances where a competency is included in a student's enrollment status for a subscription period, but the student fails to make substantial progress in the competency, the institution (at its discretion) may choose to enroll the student in the same competency in a subsequent subscription period. As described above, in such a case the repeated competency would not be included in an institution's determination of a student's eligibility for Title IV aid. However, for campus-level reporting to NSLDS, but not for program-level reporting, the institution must include the repeated competency in the institution's campus-level enrollment reporting.

SCHOOL ELIGIBILITY AND OPERATIONS

Institutions participating in CBE Subscription Period Disbursement must follow a modified process for applying to the Department to include educational programs. That process is described in greater detail in Section 2 of this Guide.

Program Participation Agreement

Volume 2, Chapter 1 of the FSA Handbook describes the Program Participation Agreement (PPA) and the process for executing that agreement. Section 2 of this Guide (page 1) describes the additional requirement under the experiment that the institution execute an amendment to its PPA, which must be signed by the school's president, chief executive officer, or chancellor, and an authorized representative of the Secretary of Education, before the institution may participate in the experiment.

Direct Assessment Programs

Volume 2, Chapter 2 also provides a definition for a “direct assessment program” and describes the requirements for such programs. Participation in CBE Subscription Period Disbursement does NOT change any of the requirements for offering a direct assessment program.

An institution may participate in both the CBE Experiment (including the CBE Subscription Period Disbursement set of waivers) and also the Limited Direct Assessment (LDA) Experiment – an institution’s participation in the LDA experiment would alter the requirements for a direct assessment program. Please see the [July 31, 2014, Federal Register Notice](#) for additional information.

Regular and Substantive Interaction

Volume 2, Chapter 2 of the FSA Handbook describes the requirements for a distance education program, including the requirement that a distance education program support regular and substantive interaction between the students and instructors. Only programs that require regular and substantive interaction may participate in the CBE Experiment. We do not consider interaction that is wholly optional or initiated primarily by the student to be regular and substantive interaction between students and instructors. Interaction that occurs only upon the request of the student (either electronically or otherwise) would not be considered regular and substantive interaction.

However, as described in [Dear Colleague Letter GEN 14-23](#), institutions have flexibility in how they define “regular and substantive interaction.” Some institutions design their CBE programs using a faculty model where no single faculty member is responsible for all aspects of a given course or competency. In these models, different instructors might perform different roles: for example, some working with students to develop and implement an academic action plan, others evaluating assessments and providing substantive feedback (merely grading a test or paper would not be substantive interaction), and still others responding to content questions.

Such a model may be used to ensure regular and substantive interaction between students and instructors. However, in applying such a model, an institution must ensure that the interaction is provided by institutional staff who meet accrediting agency standards for providing instruction in the subject matter being discussed, that the interaction is regular, and that the amount of faculty resources dedicated to the program is sufficient in the judgment of the accrediting agency. Interactions between a student and personnel who do not meet accrediting agency standards for providing instruction in the subject area would not be considered substantive interaction with an instructor.

For institutions providing CBE programs under the CBE Experiment, there are two important considerations regarding the “regular and substantive interaction” requirements: students must have access to qualified faculty, and programs must be designed to ensure regular and substantive interaction between students and those faculty members.

Access to qualified faculty—Qualified means that the faculty possesses the appropriate academic credentials and experience in the applicable knowledge domain, as determined by the accrediting agency. This faculty access must be available to students who are struggling to master learning materials or objectives or for any reason when the student wants to interact with a faculty member (e.g. seeking explanation of feedback on an assessment or assignment, career advice, desire for more information on a topic). Learning coaches, online tutoring, and other support can be offered and used and may even account for the majority of students’ support (and success), but programs must, as discussed above, include access to an academically qualified faculty member at least when students need or want it.

If a faculty member is not the primary monitor of student engagement with learning (as in traditional instructional models), the institution must have some combination of staffing and systems to monitor student engagement, level of performance, and to provide proactive support. It is incumbent on the institution to demonstrate that students are not left to educate themselves, a chief characteristic of correspondence programs.

Program design—A program must be designed with the expectation that regular and substantive interaction between students and faculty is an integral part of an educational program.

The term *regular* means periodic and while it can be broadly interpreted, it should be understood as predictable regularity and built into program design. Recognizing that most (though not all) CBE programs are self-paced at least to some extent, predicted regularity can be event driven and include, but is not limited to, completion of certain key competencies, a percentage of competencies, or the submission of assessments. While individual students may elect not to initiate contact with qualified faculty, program design must include periodic contact by qualified faculty with the students. Those contacts could be made through the use of email or other social media, but must create the opportunity for substantive interaction. Note that while an automated system for initiating contact with students could be one aspect of program design, such a system in and of itself could not meet the requirement for *regular and substantive interaction*.

The term *substantive* can also be broadly interpreted, but refers specifically to interaction, or the opportunity for interaction, with a student that is relevant to the academic subject matter in which the student is engaged. Substantive interaction could include direct instruction, substantive feedback to assessments, or, as described above, contacts with students that create the opportunity for relevant discussion of academic subject matter.

Assessment is an important part of the educational equation in all instances, but takes on particular importance in outcomes-focused programs like CBE. The statutory language pertaining to *regular and substantive interaction* does not require that faculty administer and/or grade all assignments, though faculty feedback on student assignments may be a very effective form of substantive interaction. Some assessments might be exam-based and machine graded, but those forms of assessment would not be considered substantive interaction. Traditional higher education has long used teaching assistants, such as graduate students within the discipline, to assess and grade student work, and this is acceptable in CBE programs.

There is an additional requirement under the CBE Experiment that programs **MUST** be designed to require regular and substantive interaction between students and instructors; correspondence programs may not be included in the CBE Experiment.

Satisfactory Academic Progress

Exemption: Satisfactory Academic Progress

Volume 2, Chapter 3 of the FSA Handbook describes the requirements for an institution's Satisfactory Academic Progress (SAP) policy. Certain aspects of these requirements are changed under CBE Subscription Period Disbursement, as described above under Student Eligibility.

Audits and Program Reviews

Volume 2, Chapter 4 of the FSA Handbook describes the audit requirements for institutions participating in the Title IV, HEA programs, and Volume 2, Chapter 8 describes program reviews that the Department conducts at schools. Participation in the CBE Subscription Period Disbursement does not change an institution's responsibility to have an independent auditor conduct an annual audit of the school's compliance with the laws and regulations that are applicable to the FSA programs, nor does it waive an institution's responsibilities to comply with the Department's requirements for a program review.

However, because certain laws and regulations are waived under CBE Subscription Period Disbursement, institutions should refer auditors and the Department's program review staff to this Guide in order to determine whether an institution has complied with the appropriate rules for the CBE programs it includes under the experiment.

Updating Application Information

Volume 2, Chapter 5 of the FSA Handbook describes the regular recertification of schools, as well as changes that can affect a school's participation and how and when to report these changes to the Department on the E-App (<https://eligcert.ed.gov>). This chapter also provides information on the process for adding an educational program to the institution's Eligibility and Certification Approval Report (ECAR), and describes the cases in which the school does not have to obtain the Secretary's prior approval to treat as eligible a program that is offered using credit or clock hours.

The Department must approve all other educational programs before Title IV aid may be awarded to students in those programs. If a program is offered using direct assessment, an institution must always receive approval from the Department (after receiving approvals required from the accrediting agency) before offering Title IV aid to students in that program.

CBE Subscription Period Disbursement does not change these basic requirements, but DOES require an institution to report to the Department all programs that it wishes to include under this version of the experiment, and designate those programs by adding "- CBE" to the end of the program name in the E-App. Additionally, if a program is offered using credit or clock hours, that program must be approved, recognized, or designated as a CBE program by the institution's accrediting agency before the program may be included under CBE Subscription Period Disbursement. Additional information on this process is provided in Sections 2-4 of this Guide.

Consumer Information and School Reports

Volume 2, Chapter 6 of the FSA Handbook describes information that a school must disclose to the public and report to the Department. Participation in CBE Subscription Period Disbursement does not alter these requirements. Under those requirements, an institution must disclose to the public that it participates in the experiment, which programs are included under the experiment, and how its administration of the Title IV aid programs – including disbursement and satisfactory academic progress – are changed under the experiment.

All other requirements described in Volume 2 of the FSA Handbook remain in effect for institutions participating in CBE Subscription Period Disbursement.

CALCULATING AWARDS & PACKAGING

Volume 3, Chapter 1 of the FSA Handbook describes requirements for academic calendars, payment periods, and disbursements.

Academic Year Requirements

For FSA purposes, the academic year is defined in weeks of instructional time and, for undergraduate programs, in credit or clock-hours. A program's academic year does not have to coincide with the program's academic calendar. An institution must use the same academic year definition for all FSA awards for students enrolled in a particular program, and for all other FSA program purposes with respect to that program. However, a school may treat two versions of the same academic program (day and night, for example) as separate programs and define different academic years for each version.

Weeks of instructional time in an academic year

An academic year for a credit-hour or direct assessment program must be defined as at least 30 weeks of instructional time, and for a clock-hour program, at least 26 weeks of instructional time.

The number of weeks of instructional time is based on the period that begins on the first day of classes in the academic year and ends on the last day of classes or examinations. For all FSA programs, a week of instructional time is any period of 7 consecutive days in which at least 1 day of regularly scheduled instruction, examination, or (after the last day of classes) at least 1 scheduled day of study for examinations occurs. Instructional time does not include periods of orientation, counseling, homework, vacation, or other activity not related to class preparation or examination.

Institutions must ensure that the instructional materials and faculty support necessary for academic engagement are available to students every week that the institution counts toward its definition of a payment period or an academic year. Note that, to the extent that instructional services supporting educational activity are not offered at any time during a seven-day period, that week would not count toward the institution's definition of a payment period or an academic year, nor would it count toward the minimum program length requirements in [34 CFR 668.8](#).

For all CBE programs, including direct assessment programs, educational activity includes (but is not limited to):

- Participating in regularly scheduled learning sessions (where there is an opportunity for direct interaction between the student and the faculty member);
- Submitting an academic assignment;
- Taking an exam, an interactive tutorial, or computer-assisted instruction;
- Attending a study group that is assigned by the institution;
- Participating in an online discussion about academic matters;
- Consultations with a faculty mentor to discuss academic course content; and

- Participation in faculty-guided independent study (as defined in 34 CFR 668.10(a)(3)(iii)).

For direct assessment programs only, educational activity also includes development of an academic action plan developed in consultation with a qualified faculty member that addresses competencies identified by the institution.

Credit hours in an academic year

The law and regulations set the following minimum standards for coursework earned by a full-time student in an academic year in an undergraduate educational program (including direct assessment programs). The minimum academic year requirements for a program measured in credit-hours is 24 semester or trimester credit-hours or 36 quarter credit-hours, or an equivalent measure in a direct assessment program

There is no minimum hours component to the definition of an academic year for graduate and professional programs. For purposes of Direct Loans, a loan period certified for an academic year in a graduate or professional program would include the weeks of instructional time in the academic year and the hours (or an equivalent measure for a direct assessment program) a full-time student is expected to complete in those weeks.

The requirements above relating to a program's academic year apply to all CBE programs, not just those included in an institution's participation in CBE Subscription Period Disbursement. This set of waivers does not change any of those requirements.

Academic Calendars and Terms

Volume 3, Chapter 1 of the FSA Handbook describes the three different types of academic calendars: standard term, nonstandard term, and non-term. CBE Subscription Period Disbursement does not change these definitions. **However, all programs included in an institution's participation in CBE Subscription Period Disbursement MUST be treated as standard or nonstandard term for Title IV aid purposes.**

Semesters and trimesters are terms that are generally 15 to 17 weeks long. An academic calendar that uses semesters traditionally has two terms, in the fall and spring, and a trimester academic calendar traditionally has three terms, in the fall, spring, and summer. Academic progress is measured in semester credit-hours, and full-time is at least 12 semester credits (or the equivalent in a direct assessment program).

Similarly, quarter terms are approximately 10 to 12 weeks in length and the academic calendar includes three quarters in the fall, winter, spring, and often a summer term. Academic progress is measured in quarter credit hours, and full-time is at least 12 quarter credits (or the equivalent in a direct assessment program).

The Handbook also notes that a term is a period in which all classes are scheduled to begin and end within a set time frame, and academic progress is measured in credit-hours. **This is NOT the case under CBE Subscription Period Disbursement. CBE Subscription Period Disbursement waives this requirement, and permits work on competencies to begin before the term in which the competencies are included in a student's enrollment status. A competency only counts towards eligibility in one payment period, however, even if the student does not complete it in that term.**

Remember, under CBE Subscription Period Disbursement, all subscription periods are treated as terms, and all terms are treated as payment periods. These terms are used interchangeably throughout this Section of the Guide.

Payment Periods

Exemption: Payment Periods

Volume 3, Chapter 1 of the FSA Handbook provides a definition of a payment period applicable to all the Title IV programs except for Federal Work Study. **Under CBE Subscription Period Disbursement, Title IV aid must be disbursed on a payment period basis, and a SAP evaluation must be completed at the end of each payment period.**

Under [34 CFR 668.4\(a\)](#), for an academic program that uses standard terms or substantially equal nonstandard terms, the payment period is the term itself. The same thing is true under CBE Subscription Period Disbursement.

Under [34 CFR 668.4\(b\)](#), for an academic program that measures academic progress in credit hours and uses nonstandard terms that are not substantially equal, there are normally two different types of payment periods: For purposes of Pell Grants, TEACH, FSEOGs, and Perkins Loans, the payment period is the term; for Direct Loans, the payment periods are the same as for a non-term credit hour program. **However, the definition of a payment period under 34 CFR 668.4(b) is modified under CBE Subscription Period Disbursement, and does not include two separate payment periods. Under CBE Subscription Period Disbursement, for academic programs that use nonstandard terms that are not substantially equal, the payment period for all of the Title IV programs, including the Direct Loan Program, is always the term.**

Additional information is provided about Direct Loan disbursement in programs with nonstandard terms that are not substantially equal is provided under “Direct Loan Disbursement and Annual Loan Limit Progression.”

In general, under Subscription Period Disbursement, an institution is required to use subscription periods to charge students in its CBE programs. And, under this version of the experiment, subscription periods are treated as terms (and therefore payment periods) under 34 CFR 668.4(a) and (b).

However, as noted above under “Enrollment Status” and “Academic Calendars and Terms,” under CBE Subscription Period Disbursement, coursework is not required to begin after the term begins. Instead, a student may begin working on a competency at any time, and the institution includes in a student’s enrollment status for a term only those competencies that a student is expected to complete during that term.

Disbursement Timing

Volume 3, Chapter 1 of the FSA Handbook also describes the requirements for the timing of Title IV disbursements, and notes that the timing of disbursements is especially important for Pell Grants, TEACH Grants, and Direct Loan funds, because you must report disbursement dates to the Department through the Common Origination and Disbursement (COD) System. Prompt and accurate reporting of Title IV disbursement dates is still required under CBE Subscription Period Disbursement.

Basic rules for early and delayed disbursements

The earliest a school may disburse FSA funds (other than FWS wages) is the later of:

- 10 days before the first day of classes for that payment period (i.e., the subscription period); or
- The date the student completed the previous payment period for which he or she received FSA funds.

These general restrictions also apply to programs included in CBE Experiment, except that under CBE Subscription Period Disbursement, the earliest time a disbursement can be made is 10 days before the start of the subscription period, not “the first day of classes.”

CBE Subscription Period Disbursement does not change any of the requirements for delayed disbursements for first-time borrowers.

Retroactive disbursements for completed periods

Under CBE Subscription Period Disbursement, when an enrolled student becomes eligible for Title IV aid, your institution must pay the student retroactively for any completed payment periods within the award year if the student was eligible for payment in those periods. Thus, in the case of a Pell Grant, if you don’t receive a valid SAR/ ISIR for a student until the student has completed several direct cost payment and indirect cost payment periods, but the student was also enrolled and eligible for a disbursement in those earlier payment periods, that student must be paid retroactively for those payment periods. To determine the amount to pay a student for completed periods, the institution must determine the appropriate enrollment status based on how many competencies the student completed during each prior subscription period.

Interim disbursements

Under certain limited circumstances, you may make interim disbursements to students prior to verification. This flexibility is still available when an institution is participating in CBE Subscription Period Disbursement.

Multiple disbursements within a payment period

Title IV regulations generally permit schools to pay Title IV funds at such times and in such installments within each payment period as will best meet students’ needs. This flexibility is preserved under CBE Subscription Period Disbursement. However, as always, FSA funds must be provided to students in a timely manner to best assist them in paying their educational expenses. Credit balances must be paid to the student or parent no later than 14 days after the balance occurred if the credit balance occurred after the first day of the payment period, and no later than 14 days after the first day of the payment period if the credit balance occurred on or before the first day of the payment period.

Retaking coursework in a term-based program

The Handbook states that, under normal rules, you may count towards enrollment status and award Title IV funds to a student who is repeating, for the first time only (i.e., one repetition per class), a previously passed course in a term-based program. **This is NOT the case under CBE Subscription Period Disbursement. Under this set of waivers, an institution may only include a unique competency or course in a student’s enrollment status for a payment period only once during the**

student's enrollment at the Institution. Because students in competency-based programs are generally permitted to continue working on competencies until they have mastered them, there is no provision for a student to receive Title IV aid for retaking coursework under the CBE Subscription Period Disbursement set of waivers.

Other requirements

All other requirements for disbursing funds described in Volume 3, Chapter 1 of the FSA Handbook do not change under CBE Subscription Period Disbursement.

Cost of Attendance—Direct and Indirect Costs

Volume 3, Chapter 2 of the FSA Handbook describes the components of a student's cost of attendance. CBE Subscription Period Disbursement does not change these requirements.

Calculating Pell Grant Awards

Volume 3, Chapter 3 of the FSA Handbook describes the requirements for calculating Pell Grant and Iraq & Afghanistan Service Grant (IASG) payments.

Scheduled award, award year, and annual award

The Scheduled Award is the maximum amount the student can receive during the award year, if he or she attends full-time for a full academic year. The award year begins on July 1 of one year and ends on June 30 of the next year. A student's Scheduled Award is established by the Pell Grant payment schedule that the Department issues prior to the start of each award year. The annual award is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA. CBE Subscription Period Disbursement does not change these provisions, nor does it change the rules for calculating IASG awards.

Formulas 1 and 2

To use Formula 1 (34 CFR § 690.63(a)(1)), the program must meet one of two sets of requirements. For a program with a traditional academic calendar, the program:

- must have an academic calendar that consists, in the fall through spring, of two semesters or trimesters, or three quarters (note that summer may not be a standard term);
- must have at least 30 weeks of instructional time in fall through spring terms;
- must not have overlapping terms; and
- must define full-time enrollment for each term in the award year as at least 12 credit hours (or the equivalent in a direct assessment program).

Other programs offered in standard terms may use Formula 1 if they start the terms for different cohorts of students on a periodic basis (for example, monthly). These programs:

- must have an academic calendar that consists exclusively of semesters, trimesters, or quarters;
- must have at least 30 weeks of instructional time in any two semesters or trimesters or any three quarters;
- must start the terms for different cohorts of students on a periodic basis (for example, monthly);
- must not allow students to be enrolled in overlapping terms and must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and re-enroll in a subsequent term.
- must define full-time enrollment for each term in the award year as at least 12 credit-hours and must measure progress in credit-hours (or the equivalent in a direct assessment program).

For Formula 1, the term is the payment period, and you divide the student's annual award by the number of terms in the program's FSA academic year.

Formula 2 (34 CFR § 690.63(a)(2)) may be used for programs that would qualify for Formula 1 except that the program's academic calendar provides less than 30 weeks of instructional time in the fall through spring terms. See Appendix A of Volume 3, Chapter 3 of the FSA Handbook for more information about Formula 2.

CBE Subscription Period Disbursement does not change any of the requirements above for Formulas 1 and 2. Remember: Under Subscription Period Disbursement, all subscription periods are treated as terms, and are therefore subject to all the requirements above relating to the requirements for terms and the use of Pell Formulas 1 and 2.

Formula 3

Any term-based program may use Formula 3 (34 CFR § 690.63(a)(3)) for Pell calculations, but you must use this formula for a term-based program that does not qualify for Formulas 1 or 2 (for instance, a program that uses only nonstandard terms).

Under Formula 3, to calculate the payment for the term, you must multiply the annual award by a fraction that represents the weeks of instructional time in the term divided by the weeks of instructional time in the program's academic year. If the resulting amount is more than 50 percent of the annual award, your institution generally must make the payment in at least two disbursements in that payment period regardless of whether the term is a standard term or a nonstandard term.

If you are using Formula 3 for a program that uses standard terms, the minimum enrollment standards discussed under Formulas 1 or 2 would still apply for the standard terms. However, if a program uses nonstandard terms, the enrollment standard must be calculated differently for the nonstandard terms. The full-time enrollment status is determined for a nonstandard term based on the length of the term in relation to the academic year, and is calculated by taking the weeks in the nonstandard term, dividing by the weeks in the institution's definition of an academic year, and multiplying the result by the number of credit hours in the institution's definition of an academic year. The result is the minimum requirement for full-time enrollment in the nonstandard term.

After you determine the number of credit-hours required for full-time enrollment, you can then determine the less-than-full-time status for the nonstandard term by dividing the credit hours the student takes in the nonstandard term by the result of your first calculation, which are the credit hours (or the equivalent in a direct assessment program) required for full-time enrollment in the nonstandard term.

CBE Subscription Period Disbursement does not change any of the requirements above for Formula 3.

Formulas 4 and 5

Because CBE Subscription Period Disbursement relates only to term-based programs and excludes correspondence programs, Pell Formulas 4 and 5 do not apply.

Crossover payment periods

When a payment period falls into two award years – that is, it begins before July 1 and ends on July 1 or later – it is called a “crossover payment period.” The formula for calculating the payment for a crossover payment period is the same as that for any other payment period in the award year.

For Pell purposes, you must consider a crossover payment period to occur entirely within one award year and calculate the student’s Pell award and disburse Pell funds from the award year selected (if you only have a valid SAR/ISIR from one award year, you must rely on that record and the award year to which the valid SAR/ISIR pertains). CBE Subscription Period Disbursement does not change these requirements.

Awarding remaining Pell Grant eligibility

A student who receives Pell Grant funds at one institution and subsequently transfers to another institution in the same award year can only receive the remaining percentage of his/her Scheduled award for the award year at the new institution. CBE Subscription Period Disbursement does not change these provisions.

Pell Grant and Lifetime Eligibility Used

A student’s maximum duration of Pell eligibility is 6 Scheduled Awards, as measured by the percentage of LEU field in the COD System and described in Volume 3, Chapter 3 of the FSA Handbook. CBE Subscription Period Disbursement does not change these provisions.

Pell recalculations

In certain cases, you may have to recalculate the student’s Pell Grant after the initial calculation or disbursement, to account for changes to the student’s costs or EFC.

If the student’s EFC changes due to corrections, updating, or an adjustment, and the EFC change would change the amount of the Pell award, you must recalculate the Pell award for the entire award year and change the student’s actual and/or anticipated disbursement amounts per payment period accordingly.

If the student’s COA changes during the year, the institution has the option of recalculating Pell awards for those cost changes.

If the student doesn’t begin attendance in all of his or her classes, resulting in a change in the student’s enrollment status, you must recalculate the student’s award based on the lower enrollment status. **Under CBE Subscription Period Disbursement, students will still be required to begin working on at least the number of competencies used in the determination of the student’s Pell Grant enrollment status for each payment period. The institution must have a mechanism for determining that a student has been participating in a competency during a payment period. If the student does not begin working on all of the competencies that comprised the student’s Pell Grant enrollment status, the institution must reduce the student’s Pell award to correspond with the reduced enrollment status.**

The regulations don't require any recalculation for changes in enrollment status after the student has begun attendance in all of his or her classes. **However, under CBE Subscription Period Disbursement you may establish a policy for recalculating a student's award, but must make a final determination of the student's enrollment status no later than the 14th day of the payment period.**

Other requirements

All other requirements for awarding and disbursing Pell Grant funds described in Volume 3, Chapter 3 of the FSA Handbook do not change under CBE Subscription Period Disbursement.

Calculating TEACH Grants

Volume 3, Chapter 4 of the FSA Handbook describes the process for calculating TEACH Grants. The formula for calculating a TEACH Grant is described in this chapter.

CBE Subscription Period Disbursement does not change the requirements for calculating TEACH Grants.

Direct Loan Periods and Amounts

Volume 3, Chapter 5 of the FSA Handbook describes the rules for awarding and disbursing Direct Loan funds. That chapter reminds institutions that in order to request Direct Loan funds for a student or parent borrower, a school must certify that the borrower is eligible for the loan award, and must provide specific amounts and dates for each disbursement of the loan award.

A borrower's eligibility for a Direct Subsidized Loan or Direct Unsubsidized Loan is limited by annual and aggregate limits that are the same for all students at a given grade level and dependency status. For a Direct PLUS Loan, the maximum loan amount for an academic year may not exceed the cost of attendance minus other estimated financial assistance for the student. In general, an institution may not originate a loan for more than the:

- amount the borrower requests;
- borrower's cost of attendance;
- borrower's annual or aggregate loan limits (as described in Volume 3, Chapter 5); and
- borrower's unmet financial need.

In Direct Loans, the loan certification is part of the loan origination record sent electronically to the COD System. An institution must provide this certification each time it makes a loan under a Master Promissory Note (MPN).

The school's origination includes the borrower's grade level, loan period, anticipated disbursement dates, and the amounts of the disbursements (using the rules described in this Section below).

None of the requirements above are affected by an institution's participation in CBE Subscription Period Disbursement.

Loan periods and program length

An institution must define the loan period (also called the “period of enrollment”) at the beginning of the loan awarding process.

If a credit-hour program uses standard terms (semesters, trimesters, or quarters), or has nonstandard terms that are substantially equal in length, with each term at least 9 weeks in length (SE9W terms), the minimum loan period is a single academic term (e.g., a semester).

For all other programs, including programs with either terms that are not substantially equal in length or with one or more terms less than nine weeks in length (non-SE9W terms), the minimum loan period is generally the lesser of:

- the academic year as defined by the school;
- the length of the student's program (if the program is shorter than an academic year); or
- the remaining portion of the program (if the remaining portion of the student's program is less than an academic year).

CBE Subscription Period Disbursement does not change the requirements above.

Under normal rules, the regulations provide limited exceptions to the minimum loan period for certain students beginning non-SE9W term programs. Specifically, if a student transfers from another school into a program with non-SE9W terms, and the prior school originated a loan for an academic year period that overlaps the period of enrollment at the new school, the new school may originate an initial loan with a loan period corresponding to the remaining portion of the academic year that began at the prior school. Similarly, if a student completes a program at a school, where the student's last loan to complete that program had been for less than an academic year, and the student then begins a new program with non-SE9W terms at the same school, the school may originate an initial loan for a loan period corresponding to the remaining portion of the academic year associated with the prior program. In such cases, the loan period for the initial loan is often called an “abbreviated” loan period, because it is shorter than the minimum loan period that would otherwise be allowed under the regulations. An abbreviated loan period does not meet the definition of a payment period.

However, under CBE Subscription Period Disbursement, because you are required to disburse Direct Loans on a payment period basis, a school is not permitted to originate a loan for an abbreviated loan period in the situations described above. As a result, schools offering programs under CBE Subscription Period Disbursement with non-SE9W terms must ensure that any loans originated for students beginning the program under circumstances that are ordinarily suitable for an abbreviated loan period are instead certified for a loan period of no less than a full academic year. This requirement may result in reducing the ability of some students transferring into a program with non-SE9W terms to borrow.

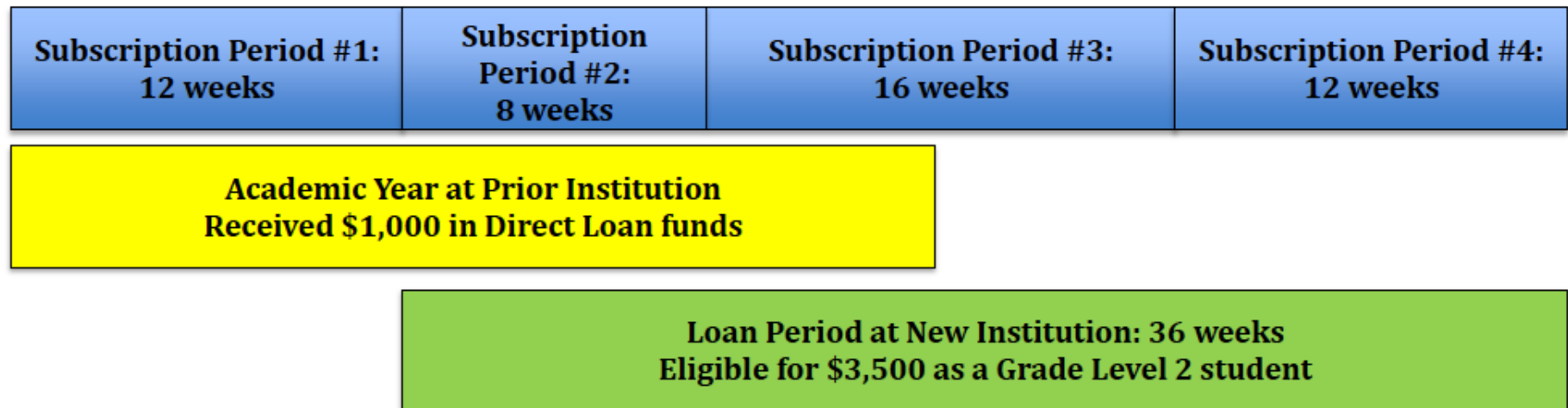
Minimum Loan Period Example

Consider a CBE program that uses nonstandard terms that are not substantially equal, and permits transfer students to begin enrollment at the start of any of its terms. The institution's CBE program uses subscription periods that are of various lengths, as shown below:

Subscription Period #1: 12 weeks	Subscription Period #2: 8 weeks	Subscription Period #3: 16 weeks	Subscription Period #4: 12 weeks
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A student transfers into the institution's CBE program after withdrawing from a program at another institution. The student had received \$1,000 in Subsidized Direct Loan funds at the prior institution at the time of her withdrawal. The student receives sufficient transfer credit at the new institution to be considered in her second grade level.

The student decides to enroll during Subscription Period #2. However, at the time that the student decides to enroll, the academic year at her prior institution still overlaps, as it extends through the middle of Subscription Period #3 at the new institution.



Because the program uses nonstandard terms that are not substantially equal, the institution must originate a loan that is no less than the length of the defined academic year, which is 30 weeks of instructional time. The institution is also required to begin and end the loan period at dates that coincide with the beginning and ending of payment periods, respectively. Therefore, the institution originates a loan that extends from the beginning of Subscription Period #2 through Subscription Period #3 and Subscription Period #4, a total of 36 weeks.

During that 36 week loan period, the student may only receive \$3,500 in Subsidized Direct Loan funds, which is the difference between the amount that the student received at her prior institution (\$1,000) and the total amount that the student is eligible for at her current institution as a sophomore (\$4,500).

Direct Loan disbursement and annual loan limit progression

Under CBE Subscription Period Disbursement, disbursements of Direct Loan funds must be made on a payment period basis.

As mentioned above, Direct Subsidized and Unsubsidized Loans have annual loan limits, based on the student's dependency status and grade level. These annual limits do not change under CBE Subscription Period Disbursement.

There are two types of academic years that may be used to monitor annual loan limits for Direct Subsidized/Unsubsidized Loans: a Scheduled Academic Year (SAY) or a Borrower-Based Academic Year (BBAY). (Note that although there is no annual loan limit for Direct PLUS Loans, Direct PLUS Loans are awarded for the same SAY or BBAY period that is used for Direct Subsidized/Unsubsidized Loans.)

An SAY corresponds to a traditional academic year calendar that is published in a school's catalogue or other materials (for example, fall and spring semesters, or fall, winter, and spring quarters, or, for a nonstandard SE9W term program, an academic calendar comparable to a traditional academic calendar). An SAY is a fixed period of time that begins and ends at the same time each year. Under CBE Subscription Period Disbursement, an institution may use an SAY if its CBE program has subscription periods that are scheduled at fixed periods of time throughout the academic year.

A BBAY does not have fixed beginning and ending dates. Instead, it "floats" with a student's (or group of students') attendance and progression in a program of study. Under CBE Subscription Disbursement, there are 2 types of BBAY:

- BBAY 1, which may be used as an alternative to an SAY for credit-hour programs (or direct assessment programs with credit hour equivalencies) offered in an SAY that have standard terms or nonstandard SE9W terms.
- BBAY 2, which must be used for credit-hour programs (or direct assessment programs with credit hour equivalencies) not offered in an SAY that have standard terms or nonstandard terms, **including both SE9W terms and non-SE9W terms. Note that this differs from the normal rules, which only permit programs with nonstandard SE9W terms to use BBAY2.**

BBAY 3, which, under normal rules, applies to nonstandard non-SE9W term programs, clock-hour programs, and credit hour non-term programs, does not apply under CBE Subscription Period Disbursement.

For programs using an SAY or BBAY 1, the normal rules for Direct Loan annual loan limit progression described in Volume 3, Chapter 5 apply under CBE Subscription Period Disbursement. Similarly, the normal rules for BBAY 2 also apply under CBE Subscription Period Disbursement for programs that use standard terms or nonstandard SE9W terms. **Additionally, under CBE Subscription Period Disbursement, programs that use nonstandard, non-SE9W terms will also use the rules for BBAY2.** Please see the FSA Handbook for additional information about Direct Loan annual loan limit progression for those types of programs.

Monitoring Annual Loan Limits Using SAY or BBAY under CBE Subscription Period Disbursement

Credit-hour programs offered in a Scheduled Academic Year (SAY) An SAY uses 1) a traditional academic calendar with at least two semesters or trimesters or three quarters in the fall through spring, or 2) a comparable academic calendar with nonstandard SE9W terms.		Credit-hour programs not offered in a Scheduled Academic Year
May use SAY	May use BBAY 1	Must use BBAY 2
1) An SAY generally begins/ends at same time each year. 2) The student does not have to be enrolled in the first term of the SAY. 3) An SAY for a program must at least meet the program's Title IV academic year in weeks/hours. 4) Total of all loans received within SAY (including summer trailer/header) may not exceed annual loan limit 5) Student becomes eligible for new annual loan limit after SAY calendar period has elapsed. 6) After original loan, student may receive additional loans during same SAY if: <ul style="list-style-type: none"> • Student did not receive maximum annual loan amount and has remaining eligibility; • Student progresses to grade level with higher annual loan limit; or • Student changes from dependent to independent. 7) Summer term may be "trailer" or "header" per: <ul style="list-style-type: none"> • Strict policy; • By program; or • Case by case, by student 	<i>May use BBAY 1 for all students; certain students; or certain programs</i> <i>May alternate SAY and BBAY1 for a student provided academic years do not overlap</i> 1) BBAY1 "floats" with the student's enrollment. 2) Student must be enrolled in first term of the BBAY1 (less-than-½-time enrollment is acceptable). 3) Length of BBAY1 must equal the number of terms in the program's SAY, excluding the summer trailer/header. <ul style="list-style-type: none"> • Number of hours/weeks in BBAY1 need not meet the regulatory requirements for an academic year if the BBAY1 includes summer term. • May include terms student does not attend if student could have enrolled at least ½--time. 4) Total of all loans received within BBAY1 may not exceed annual loan limit. 5) Student becomes eligible for new annual loan limit after BBAY1 calendar period has elapsed. 6) After original loan, student may receive additional loans during same BBAY1 if: <ul style="list-style-type: none"> • Student did not receive maximum annual loan amount and has remaining eligibility; • Student progresses to grade level with higher annual loan limit; or • Student changes from dependent to independent. 7) Minisessions (summer or otherwise) must be combined with each other or with other terms and treated as a single standard or nonstandard term (affects all FSA programs) <ul style="list-style-type: none"> • Student need not enroll in each minisession, but must have been able to enroll at least ½-time in the combined term. 	1) BBAY2 floats with student's enrollment. 2) Student must be enrolled in first term of the BBAY2 (less-than-half-time enrollment is acceptable). The BBAY2 may include terms student does not attend if student could have enrolled at least half-time 3) The BBAY2 must meet at least the minimum requirements for hours/weeks of the program's Title IV academic year, and it must consist of: <ul style="list-style-type: none"> • at least 2 consecutive semesters or trimesters; • at least 3 consecutive quarters; or • at least the number of consecutive SE9W terms covered by the program's Title IV academic year. 4) Total of all loans received within a BBAY2 may not exceed annual loan limit. 5) Student becomes eligible for new annual loan limit after BBAY2 calendar period has elapsed 6) After original loan, student may receive additional loans during same BBAY2 if: <ul style="list-style-type: none"> • Student did not receive maximum annual loan amount and has remaining eligibility; • Student progresses to grade level with higher annual loan limit; or • Student changes from dependent to independent. 7) Minisessions (summer or otherwise) must be combined with each other or with other terms and treated as a single standard term (affects all FSA programs) <ul style="list-style-type: none"> • Student need not enroll in each minisession, but must have been able to enroll at least 1/2-time in the combined term.

Under CBE Subscription Period Disbursement, there are significant changes to how an institution calculates and disburses Direct Loan funds in programs using nonstandard non-SE9W terms, which, under CBE Subscription Period Disbursement, use a BBAY 2.

For those programs, an institution will determine the disbursement amount of a Direct Loan for each payment period using the same rules used for the calculation of disbursement amounts in the Pell Grant Formula 3, as described below, using the student's actual loan amount as determined under 34 CFR Part 685 instead of the Pell Grant annual award amount.

This means that, in order to determine the maximum amount of a student's Direct Loan disbursement in each payment period in a program using nonstandard non-SE9W terms, the institution must multiply the student's loan amount (not necessarily the annual loan limit) by the following fraction:

$$\frac{\text{The number of weeks of instructional time in the payment period}}{\text{The number of weeks of instructional time in the program's academic year}}$$

Additionally, to determine if a student is enrolled on an at least a half-time basis and therefore is eligible to receive a Direct Loan disbursement for a nonstandard non-SE9W term, the institution must:

1. Divide the number of weeks of instructional time in the payment period by the number of weeks of instructional time in the program's academic year and multiply that fraction by the number of credit hours or equivalents in the program's academic year to determine the number of hours required to be considered full-time; and
2. Compare the number of credit hours or equivalents in which the student enrolls during that term to the number of hours required to be considered full-time, as calculated above.

Example of Direct Loan Disbursement in a Program with Nonstandard, Non-SE9W Terms

An institution offers a nonstandard term CBE program with a 30-week academic year. The program is not offered in an SAY. The institution has the following three subscription periods:

Fall Subscription Period: 12 weeks	Winter Subscription Period: 6 weeks	Spring Subscription Period: 12 weeks
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The winter subscription period (term) in this program is only 6 weeks long, which differs from the fall and spring subscription period lengths by more than 2 weeks. This means that the terms are not considered to be substantially equal in length. This program must use a BBAY 2 because it is not offered in an SAY. In addition, because this program uses nonstandard non-SE9W terms, disbursements for each payment period must be calculated in a manner similar to Pell Formula 3, as described above.

A first-year dependent student who enrolls in all three subscription periods and borrows the maximum loan amounts for which the student is eligible would receive the following Direct Loan disbursements:

Subsidized Direct Loans for a first-year student in this program would be calculated as follows:

Fall Subscription Period:

$$\$3,500 \times \frac{\text{weeks of instruction in term (12)}}{\text{weeks of instruction in academic year (30)}} = \$1,400$$

Winter Subscription Period:

$$\$3,500 \times \frac{\text{weeks of instruction in term (6)}}{\text{weeks of instruction in academic year (30)}} = \$700$$

Spring Subscription Period

$$\$3,500 \times \frac{\text{weeks of instruction in term (12)}}{\text{weeks of instruction in academic year (30)}} = \$1,400$$

Unsubsidized Direct Loans for the same first-year student in this program would be calculated as follows:

Fall Subscription Period:

$$\$2,000 \times \frac{\text{weeks of instruction in term (12)}}{\text{weeks of instruction in academic year (30)}} = \$800$$

Winter Subscription Period:

$$\$2,000 \times \frac{\text{weeks of instruction in term (6)}}{\text{weeks of instruction in academic year (30)}} = \$400$$

Spring Subscription Period

$$\$2,000 \times \frac{\text{weeks of instruction in term (12)}}{\text{weeks of instruction in academic year (30)}} = \$800$$

Grade level progression

The annual loan limit for Direct Subsidized and Unsubsidized Loans increases as a student progresses in his/her studies. CBE Subscription Period Disbursement does not change the normal requirements for grade level progression.

Prorating annual loan limits for Direct Loans

An institution must prorate loan limits for a student who is enrolled in a program shorter than a full academic year in length, and for a student who is enrolled in a remaining period of study shorter than an academic year. CBE Subscription Period Disbursement does not change the requirements for prorating annual loan limits for Direct Loans.

Remaining loan eligibility for students who transfer or change programs

If a student enrolls in a program at a new institution after already having taken out a loan at another school with an overlapping academic year, the student initially may not receive more than the annual loan limit minus the amount received at the prior school. This principle applies under CBE Subscription Period Disbursement.

However, in this situation, the student could choose to wait until a subsequent term that does not overlap with the academic year at the prior school to borrow a Direct Loan. Doing so would permit the student to borrow a new loan and receive up to his or her full annual loan limit. However, if the student chose to do this, when calculating the student's award amounts, the institution could only include costs for the terms that were included in the loan period (not the initial term that overlapped with the prior school's academic year).

Aggregate loan limits

A borrower who has reached his or her aggregate borrowing limit may not receive additional loans. Once the loans are repaid, in full or in part, the borrower may apply for additional loans. CBE Subscription Period Disbursement does not change the aggregate limits for Direct Loans, which may be found in Volume 3, Chapter 5 of the FSA Handbook.

Direct Subsidized Loan eligibility time limitation (150% rule)

First-time borrowers (those who have no principal or interest balance on any Direct or FFEL Loan on the date they receive a Direct Loan on or after July 1, 2013) may not receive Direct Subsidized Loans for a period that exceeds 150% of the published length of the academic program in which they are currently enrolled. CBE Subscription Period Disbursement does not change this restriction, and all rules and requirements for calculating the subsidized usage periods for students enrolled under the experiment will remain the same.

Other requirements

All other requirements for awarding and disbursing Direct Loan funds described in Volume 3, Chapter 5 of the FSA Handbook do not change under CBE Subscription Period Disbursement.

Awarding Campus-Based Aid

Awarding Federal Supplemental Opportunity Grants (FSEOG) and Perkins Loans

CBE Subscription Period Disbursement makes no changes to the awarding or disbursement requirements for FSEOG, Perkins Loans, or the Federal Work Study program under Volume 3, Chapter 6 of the FSA Handbook.

Packaging Aid

Volume 3, Chapter 7 of the FSA Handbook describes the requirements for packaging Federal student aid. Packaging under the CBE Subscription Period Disbursement will follow the same rules and requirements as packaging under normal Title IV rules, including packaging, repackaging aid, and the treatment of overawards.

PROCESSING AID AND MANAGING FSA FUNDS

Volume 4 of the FSA Handbook provides information on the rules and procedures for requesting and managing funds, disbursing Title IV funds, resolving overawards and overpayments, returning Title IV aid, and reconciling Title IV grant and loan programs. Those rules and procedures are not affected by an institution's participation in CBE Subscription Period Disbursement. All of the requirements described under those chapters will apply under CBE Subscription Period Disbursement.

WITHDRAWALS AND THE RETURN OF TITLE IV FUNDS

Volume 5 of the FSA Handbook describes the steps an institution must take when a student withdraws, the requirements for calculating the amount of Title IV aid that a student earns when he/she withdraws during a payment period, and the requirements for returning unearned Title IV aid.

In general, the normal requirements for Return of Title IV Funds (R2T4) apply under CBE Subscription Period Disbursement. However, because the waivers and modifications under CBE Subscription Period Disbursement allow a student to begin coursework or competencies prior to the beginning of a term, certain R2T4 requirements are treated differently. The requirements for R2T4 calculations for students who withdraw from programs under CBE Subscription Period Disbursement are described below.

Schools should refer to Volume 5 of the FSA Handbook for complete guidance regarding the handling of Title IV Funds when a student withdraws.

Program offered in modules

A program is considered to be offered in modules if, for a payment period or period of enrollment, a course or courses in the program do not span the entire length of the payment period or period of enrollment. **CBE programs included under CBE Subscription Period Disbursement are presumed to have competencies that do not span the length of a payment period or period of enrollment; therefore, under this version of the experiment, all programs are considered to be offered in modules.**

Note that the Department considers a module in a CBE program to “end” when the student submits the final assignment and thereafter ceases work on the competency.

Withdrawals, in general

In general, a student attending a program offered in modules is considered to have withdrawn for Title IV purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment, unless the school obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment. A student in a credit-hour program offered in modules is considered withdrawn if:

- the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete and does not provide written notification of his/her intent to return within the payment period or period of enrollment; or

- for a student in a nonstandard-term program (even if the student does provide written notification of his/her intent to return) if the student is not scheduled to begin another course or begin work on a competency within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence (for more information, see “Approved Leaves of Absence” below).

Written confirmation of intent to return must be obtained at the time of withdrawal, even if the student has already registered for subsequent courses. If a school obtains a written confirmation of future attendance but the student does not return as scheduled, the student is considered to have withdrawn from the payment period or period of enrollment.

Unless a student provides written confirmation of future attendance in the payment period or period of enrollment, a student who drops all the future classes that he or she was scheduled to attend between modules (when the student is not attending classes) is considered to have withdrawn, and a Return of Title IV Funds calculation is required.

Finally, as described in Dear Colleague Letter GEN 14-23, Q&A #13, when the competencies in a term-based CBE program do not have specified start and end dates, a school uses subscription periods, and students are enrolled to complete as many competencies as they can during the term, students are considered to be scheduled to attend for the entire term/payment period. Therefore, even if a student completes all of the competencies that were included in the student’s enrollment status for a payment period, if the student completely ceases attendance prior to completing all the days in the subscription period, the student must be considered withdrawn.

CBE Subscription Period Disbursement does not change any of the requirements described above.

If a student remains enrolled only in non-Title IV eligible courses

Under normal rules for Return of Title IV Funds, if a student ceases attendance (drops or withdraws) from all his or her Title IV eligible courses in a payment period or period of enrollment, the student must be considered a withdrawal for Title IV purposes, even if the student continues to attend Title IV-ineligible courses. **However, under CBE Subscription Period Disbursement, a student is considered withdrawn only when the student is no longer participating in any competencies during the payment period or period of enrollment that count toward completion of the student’s program, including competencies that may have been included in the determination of the student’s enrollment status for a different payment period, but that the student continues to attend in the current payment period.**

Withdrawal date at institutions required to take attendance and institutions not required to take attendance

An institution is considered “required to take attendance” for purposes of performing Return of Title IV Funds calculations if:

- it is required to take attendance by an outside entity (such as the school’s accrediting agency or a state agency) that has a requirement that the school take attendance;
- the school itself has a requirement that its instructors take attendance; or
- the school or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including but not limited to requiring that students in a program demonstrate attendance in the classes of that program or a portion of that program.

If an institution is required to take attendance, a student's withdrawal date is always the last date of academic attendance as determined by the school from its attendance records. This date is used for all students who cease attendance, including those who do not return from an approved leave of absence (LOA), those who take an unapproved LOA, and those who officially withdraw.

If an institution is not required to take attendance, one of several methods of identifying a student's withdrawal date may apply, as described under 34 CFR 668.22(c) (1). See Volume 5, Chapter 1 of the FSA Handbook for more information on each of these methods.

These requirements still apply under CBE Subscription Period Disbursement. Note that, as described in the Department's Program Integrity Questions and Answers website, if an institution monitors student activity by tracking academic engagement, then the institution would be an institution that is required to take attendance for R2T4 program purposes.

When a student who has withdrawn returns within a payment period or period of enrollment

If a withdrawn student returns to the school within the same payment period or period of enrollment for a term-based program offered in modules, the student is treated as though he or she did not cease attendance and the school must "undo" the Return of Title IV Funds calculation. This requirement does not change under CBE Subscription Period Disbursement.

Approved leaves of absence

A leave of absence (LOA) for Return of Title IV funds purposes is a temporary interruption in a student's program of study. An LOA refers to the specific time period during a program when a student is not in attendance. An LOA is not required if a student is not in attendance only for an institutionally scheduled break. However, a scheduled break may occur during an LOA.

A LOA must meet certain conditions to be counted as a temporary interruption in a student's education instead of being counted as a withdrawal requiring a school to perform a Return calculation. Those conditions are described in 34 CFR 668.22(d), and in Volume 5, Chapter 1 of the FSA Handbook.

One of the requirements to qualify for an LOA is that a school must allow a student returning from an LOA to complete the coursework that he or she began prior to the LOA. In addition, the institution may not impose additional charges and may not award the student additional Title IV assistance during the LOA.

A student granted an LOA that meets the appropriate criteria is not considered to have withdrawn, and no Return calculation is required. Upon the student's return from the leave, he or she continues to earn the federal student aid previously awarded for the period.

CBE Subscription Period Disbursement does not change any of the requirements for approved LOAs.

Use of payment period or period of enrollment

Under CBE Subscription Period Disbursement, institutions are required to use subscription periods, which are synonymous with terms and payment periods for purposes of this version of the experiment. An institution using standard term subscription periods must perform R2T4 calculations on a payment period basis. An institution using nonstandard term subscription periods may perform R2T4 calculations on either a payment period or period of enrollment basis.

Number of days in a payment period or period of enrollment

For a program included under CBE Subscription Period Disbursement, the percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment, as of the day the student withdrew, by the total number of calendar days in the same period. The day the student withdrew is counted as a completed day.

The number of calendar days in the numerator or denominator includes all days within the period, except for institutionally scheduled breaks of five or more consecutive days and days when the student was on an approved leave of absence would also be excluded (see “Approved Leaves of Absence” above).

Institutionally scheduled breaks of five or more consecutive days are excluded from the Return calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of federal student aid earned. For purposes of R2T4 calculations under CBE Subscription Period Disbursement, a scheduled break includes five or more days during a payment period or period of enrollment in which the institution does not provide the instructional materials and faculty support necessary for academic engagement, as described above under “Weeks of instructional time in an academic year.”

Other requirements

All other requirements for withdrawals and the Return of Title IV Funds described in Volume 5 of the FSA Handbook, including requirements for institutional charges, post-withdrawal disbursements, and timeframes for return of funds, do not change under CBE Subscription Period Disbursement.

Withdrawal and Return of Title IV Funds Calculation Example

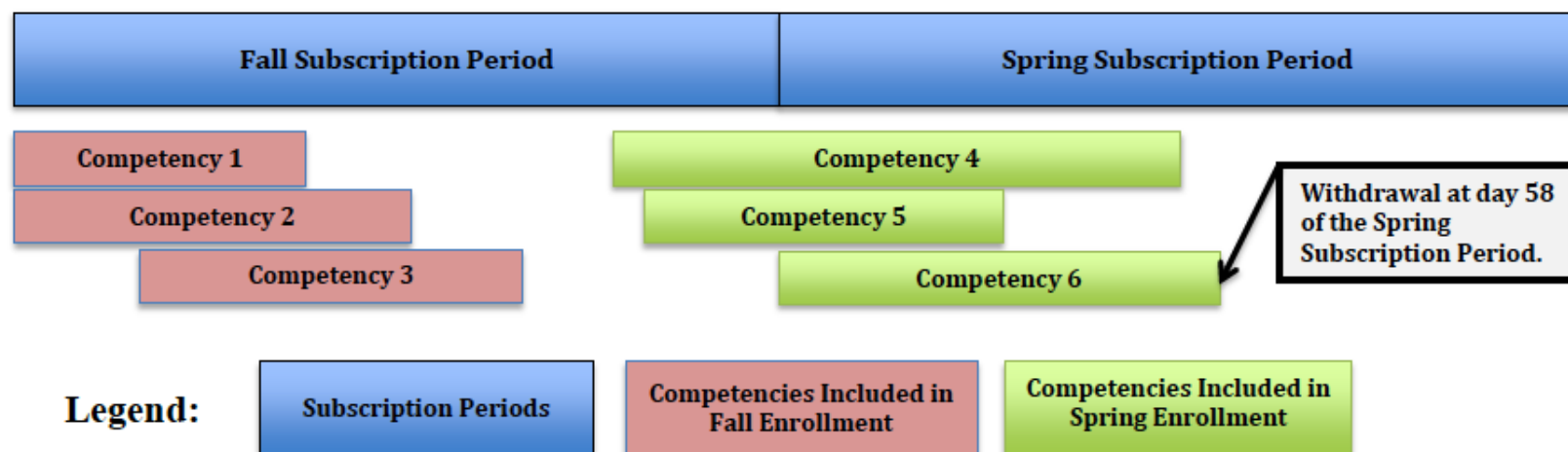
In this example, a student is enrolled in a CBE program using subscription periods that are each 15 weeks long -- exactly 105 days -- and during all that time instructional services are provided to students, so there are no scheduled breaks.

A student begins the Fall Subscription Period taking two competencies, each of which is considered a module for purposes of the R2T4 calculation. The student then begins a third competency four weeks into the term. The institution had determined with the student that all three of those competencies were expected to be completed during the fall term.

The student finishes all three competencies after completing 8 weeks in the term, but decides to take a short break before starting again. The student provides written notification that she intends to begin working on competencies again by the 12th week, so the institution does not consider the student a withdrawal. The student does indeed return in the 12th week and begins work on two competencies -- Competencies #4 and #5 -- that the student expects to complete in the Spring Subscription Period. The student is never considered a withdrawal in the Fall Subscription Period.

The student continues to work on Competencies #4 and #5 through the end of the Fall Subscription Period and into the Spring Subscription Period. The student also begins Competency #6 at the beginning of the Spring Subscription Period. The student then completes Competency #5 after 4 weeks in Spring, completes Competency #4 at the 8th week, but then drops out of Competency #6 without notifying the institution. The institution therefore considers the student a withdrawal and completes an R2T4 calculation.

The student was enrolled and working on at least one competency for 58 days during the Spring Subscription Period. In the R2T4 calculation, the institution divides the 58 days completed by the total number of days in the subscription period (payment period), 105 days, resulting in a completed percentage of 55.2%. That is the percentage that the institution uses in Step 3 of the calculation to determine the amount of Title IV aid that the student has earned for the Spring Subscription Period.



THE CAMPUS-BASED PROGRAMS

There are no changes to the rules for administration of the campus-based programs under CBE Subscription Period Disbursement. Institutions should follow the requirements as described in Volume 6 of the FSA Handbook.

PUTTING IT ALL TOGETHER—AWARDING AND DISBURSEMENT UNDER CBE SUBSCRIPTION PERIOD DISBURSEMENT

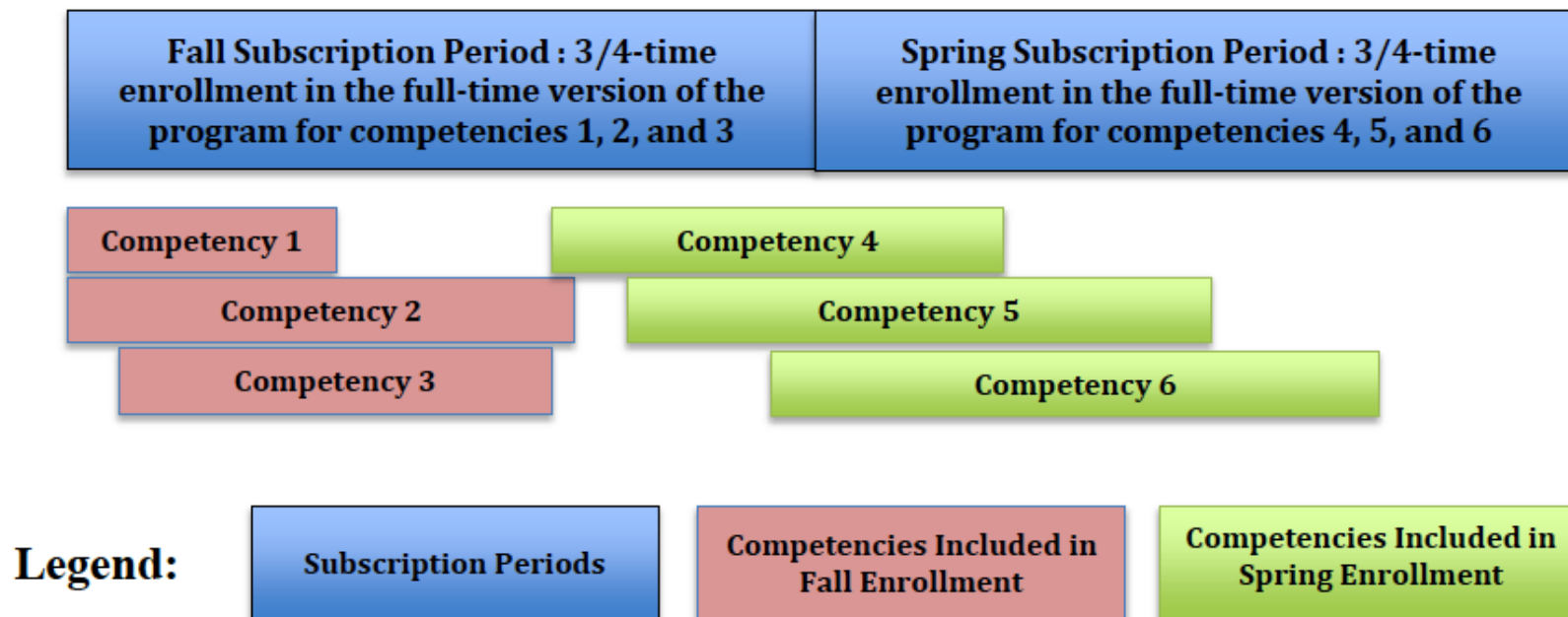
The modified rules and requirements described above provide an overview for the process for providing Title IV aid to students under CBE Subscription Period Disbursement. Below, we provide additional information and examples of how this process works.

Example 1: Student Accelerating Through Program

In the following examples, we provide a visual aid to describe how aid disbursement and satisfactory academic progress evaluation work under CBE Subscription Period Disbursement. In this first example, a student is moving at an accelerated pace through her program.

In this example, an institution provides a CBE bachelor's degree program. The institution offers full-time and part-time versions of the program. There are 40 competencies in the program, and the published length of the full-time program is five years. The school considers 67% to be the minimum pace for satisfactory academic progress purposes. These subscription periods are each 15 weeks long and meet the requirements for standard terms, so Pell Grant disbursement amounts will be calculated using Formula 1. Also note that in this example, each competency is the equivalent of three semester hours, and the school considers full-time status to include the equivalent of 4 competencies.

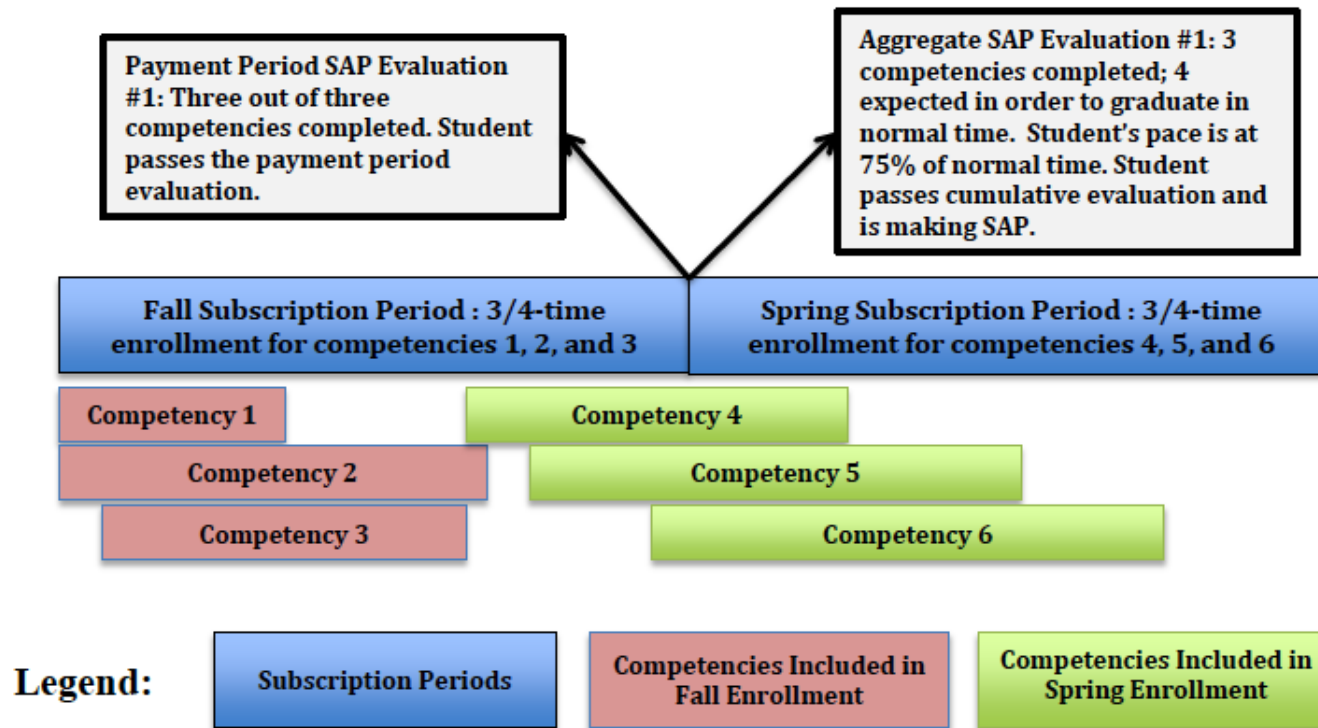
A first-time student begins the full-time version of the program, and the institution expects the student to complete three competencies in the fall subscription period (#1, #2, and #3) and disburses a 3/4-time Pell Grant for that period. The student subsequently completes all three competencies during the fall.



Disbursements occur at the beginning of the subscription period. The student completes the first three competencies at the 10th week of the subscription period. However, because the student immediately begins new competencies at that point, the student is not considered a withdrawal in the fall subscription period.

At the end of the fall subscription period, the institution evaluates the student's satisfactory academic progress. The student completed the three competencies that were included in the student's enrollment status, so the student passes the Payment Period SAP Evaluation.

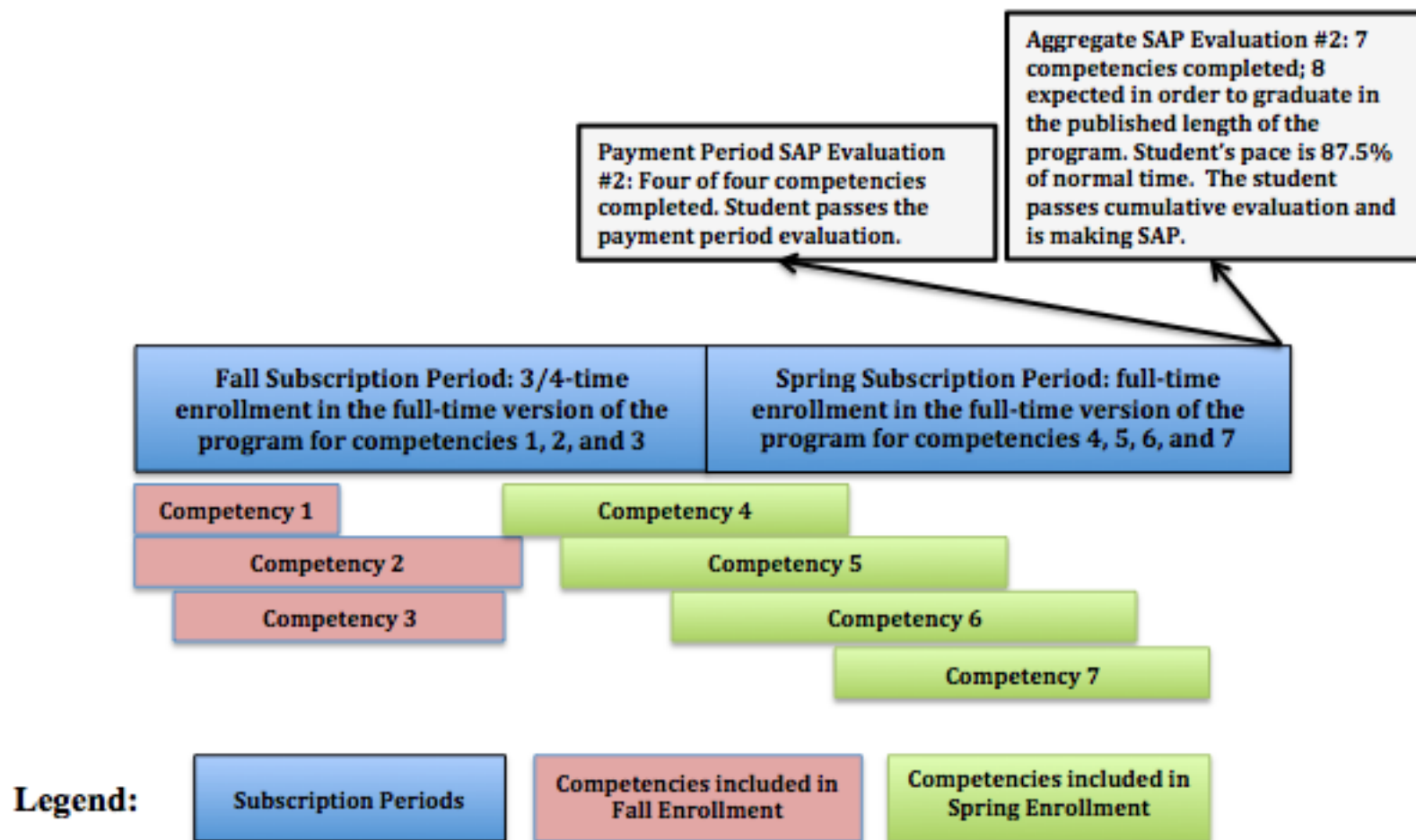
Then the institution performs the student's Aggregate SAP Evaluation, which looks at the student's cumulative progress. The student is just starting out, so the institution only expects 4 competencies to be completed at the end of the first subscription period in order for the student to complete the full-time version of the program in normal time. This student is a bit behind schedule, having completed only 3 competencies, but has still completed 75% of the competencies expected in order to complete in normal time, so the student passes the Aggregate SAP Evaluation as well.



When entering the spring subscription period, the student has already begun three new competencies. After reviewing the student's status, the institution determines that the student is expected to complete three competencies in the spring (#4, #5, and #6), and the school initially disburses 3/4-time Pell Grant for the spring.

However, the student begins a fourth competency early in the spring subscription period, and unexpectedly completes that competency before the subscription period ends. Upon discovering this, the institution recalculates the student's Pell Grant disbursement in the spring to increase from 3/4 to full-time, and accordingly disburses the additional amount of Pell Grant funds.

This student completed four of four competencies included in her enrollment status, so the student passes the Payment Period SAP Evaluation. The student is also improving on cumulative pace, rising to 87.5% of competencies expected in order to complete the full-time version of the program in normal time, so the student passes the Aggregate SAP Evaluation as well.

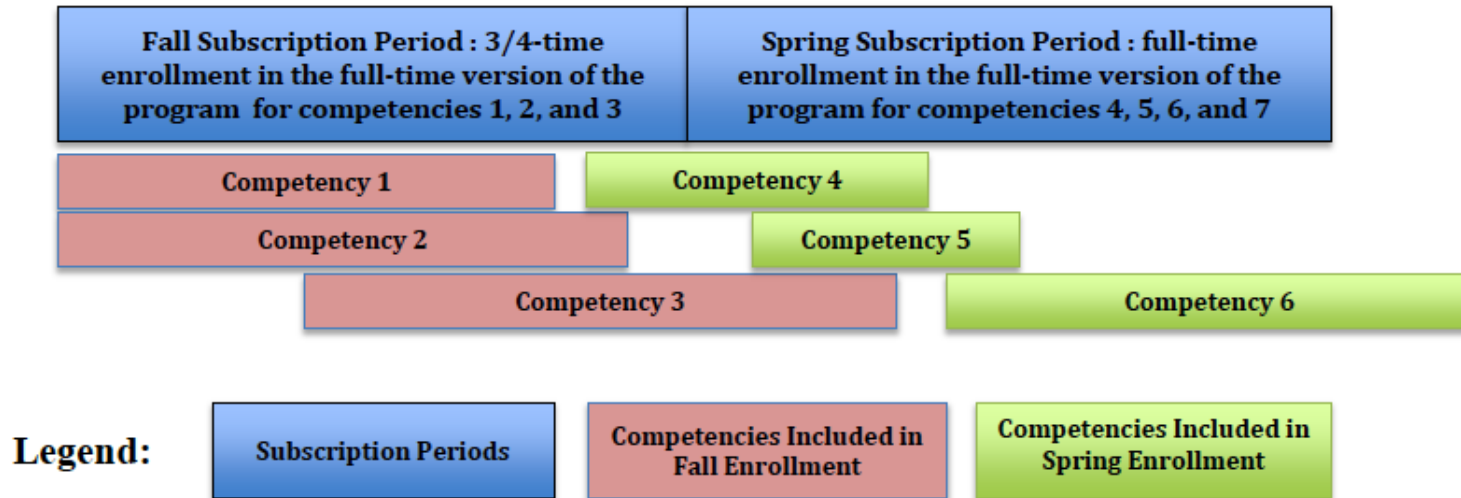


Example 2: Student Moving Slowly Through Program

In this second example, a student is moving at a slow pace through the program.

This example uses the same program as in the prior example: a CBE bachelor's degree program with 40 competencies in the program and the published length of five years in the full-time version of the program. The school considers 67% to be the minimum pace for satisfactory academic progress purposes. These subscription periods are each 15 weeks long and meet the requirements for standard terms, so Pell Grant disbursement amounts will be calculated using Formula 1. Also note that in this example, each competency is the equivalent of three semester hours, and the school considers full-time status to include the equivalent of 4 competencies.

A first-time student begins the full-time version of the program, and the institution expects the student to complete three competencies in the fall subscription period (#1, #2, and #3) and disburses a 3/4-time Pell Grant for that period. But the student completes only two competencies (#1 and #2) during the fall subscription period.

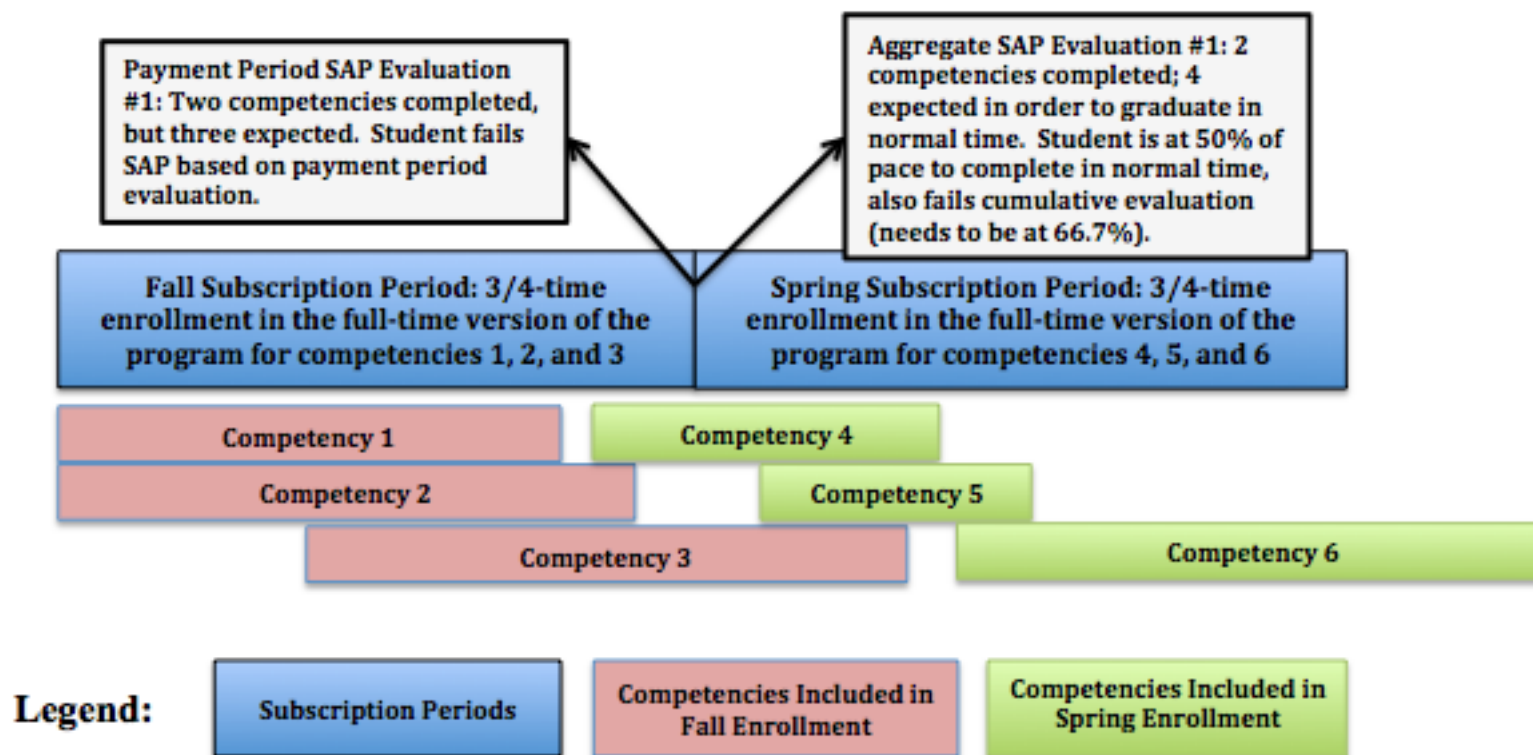


Disbursements occur at the beginning of the subscription period.

At the end of the fall subscription period, the institution evaluates the student's satisfactory academic progress.

The student only finished two of the three competencies that the student was expected to complete during the fall subscription period, so the student fails the Payment Period SAP Evaluation. Note that the student's aid for the fall is not recalculated; the student retains the three-quarters time disbursement of Pell Grant funds.

The student is also behind on cumulative pace. The institution expects 4 competencies to be completed at the end of the first subscription period in order for the student to complete the program in normal time, and this student is significantly behind schedule, having completed only two competencies during that time. The student is at 50% pace to complete in normal time, so the student fails the Aggregate SAP Evaluation. The institution chooses to put the student in a SAP warning status for the Spring subscription period.



Upon entering the Spring subscription period, the student has begun one of the competencies expected to be completed in the Spring subscription period. The institution checks with the student, and the student is still confident that three new competencies (#4, #5, and #6) can be completed in the Spring subscription period, even though the student is still working on Competency #3, which was begun, but not completed, during the Fall subscription period. Again, disbursements are made at the beginning of the subscription period.

The student does well in Competencies #4 and #5, completing them ahead of schedule. However, the student continues to struggle in Competency #3, and finishes later than expected. The student also struggles with Competency #6, which was begun after completing #3. By the end of the spring, the student has still not completed Competency #6, which means that the student only completed two of the three competencies that expected to have been completed during the subscription period.

Because the student did not finish all three of the competencies that were included in the student's enrollment status for the Spring subscription period, the student fails the Payment Period SAP Evaluation.

The student is also still behind cumulatively. The institution expects the student to have completed 8 competencies by the end of the Spring subscription period in order to graduate in normal time, but the student has only completed 6, and is at 62.5% of pace to complete in normal time. Therefore, the student also fails the Aggregate SAP Evaluation for a second time. Having failed SAP evaluations for two payment periods in a row, the student loses Title IV eligibility, and must appeal successfully in order to regain it. Alternatively, the institution could recommend that the student transfer to the part-time version of the program, which requires a smaller number of competencies to be completed in each subscription period in order to maintain SAP.

